Calendar No. 767

100TH CONGRESS
2d Session

SENATE

REPORT
100-404

AUTHORIZING APPROPRIATIONS FOR FISCAL YEAR 1989 FOR THE INTELLIGENCE ACTIVITIES OF THE UNITED STATES GOVERNMENT, THE INTELLIGENCE COMMUNITY STAFF, FOR THE CENTRAL INTELLIGENCE AGENCY RETIREMENT AND DISABILITY SYSTEM, AND FOR OTHER PURPOSES

JUNE 28, 1988.—Ordered to be printed

Mr. NUNN, from the Committee on Armed Services, submitted the following

REPORT

[To accompany S. 2366]

The Committee on Armed Services, to which was referred the bill (S. 2366) to authorize appropriations for fiscal year 1989 for the intelligence activities of the United States Government, the Intelligence Community Staff, for the Central Intelligence Agency Retirement and Disability System, and for other purposes, having considered the same, reports favorably thereon without amendment and recommends that the bill as amended do pass.

PURPOSE OF THE BILL

S. 2366 would authorize appropriations and other matters for Fiscal Year 1989 for intelligence activities of the United States Government, including certain Department of Defense intelligence related activities within the jurisdiction of the Committee on Armed Services.

The Select Committee on Intelligence (SSCI) reported out the bill on May 11, 1988 and it was referred to this Committee under the provision of Section 3(b) of Senate Resolution 400, 94th Congress for a period of 30 days.

SCOPE OF COMMITTEE REVIEW

The Committee conducted a detailed review of the intelligence community authorization request for Fiscal Year 1989. The Committee held hearings and met with Members of the SSCI, focusing primarily on items of dual jurisdiction.

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This was the second year of the first two year authorization for the Department of Defense and the intelligence community. The purposes of the two-year authorization are to permit longer range planning within the Executive Branch, reduce turmoil caused by the annual budget process, permit both the Congress and the Executive Branch to concentrate on issues of oversight and management, and reduce the amount of time spent in the annual budget process.

The Committee has carefully reviewed the report of the Select Committee on Intelligence and has incorporated the relevant budgetary decisions of that Committee in the Defense Authorization Act for Fiscal Year 1989, S. 2355, reported by this Committee on May 4.

AMENDMENTS AND OTHER MEASURES

The Committee has considered and adopted one additional measure.

NET ASSESSMENTS BY THE INTELLIGENCE COMMUNITY

In its report on the Fiscal Year 1988 and 1989 Intelligence Authorization, the Committee directed the Secretary of Defense and the Director of Central Intelligence to develop a plan for the conduct of net assessments which would allow for independent judgments by the intelligence community. The Committee recommended the following considerations be taken into account in the development of this plan: (1) participation by the intelligence community should be restricted to those areas judged critical to the overall effectiveness of U.S. national security policy, strategy, tactics, or specific weapon systems; (2) joint net assessments by DoD and the intelligence community were acceptable if the intelligence community had an equal role in establishing the parameters of the assessment and could arrive at independent conclusions; (3) the completion of net assessments should be timed so as to provide maximum value in the decision making process; and (4) the process for selection of areas for such assessments, as well as dissemination of results, should include senior officials involved in national security policy outside the Department of Defense. The Conference report on the Intelligence Authorization endorsed the Committee's efforts.

The Secretary of Defense and Director of Central Intelligence submitted a plan responsive to this direction on April 4, 1988. The plan is being implemented and will be completed by October 1, 1988. The plan identifies five specific net assessments for intelligence community participation through the end of Fiscal Year 1989. Regretfully, four of those five were already scheduled as part of the 1988 and 1989 Military Net Assessments and Joint Chiefs of Staff (JCS) Net Assessments. Only one, the net assessment of low observable technology, was a new undertaking. The Committee had hoped that additional net assessments could be conducted. Nevertheless, the Committee believes that the plan constitutes a good start in addressing Committee concerns, particularly because it involves the intelligence community in the expanded net assessment and is a step toward the reforms called for in the Packard Commission and the Goldwater-Nichols DoD Reorganization Act of 1986.

The Committee notes that the current plan provides for intelligence community participation primarily in global net assessments of the military balance. Only in one case is a net assessment planned which involves a specific weapon system area (low observable technology) and this appears restricted to a review of technology. Although the Committee endorses the utility of that assessment, the Committee also hopes that additional net assessments can be conducted on particular weapons systems. It is clear that difficult choices will have to be made over the next several years as to which weapon systems to fund in a constrained budget environment. Some systems on which work has begun will have to be cancelled. Independent judgments from the intelligence community on the potential effectiveness of selected high cost weapon systems can provide important information to policymakers—both in the Executive Branch and in the Congress—in their decisionmaking processes.

As the Committee noted in its report on the Defense Authorization Act for fiscal year 1989, the Committee believes that the net assessment prepared by the Secretary as required by the Defense Authorization Act for fiscal years 1988 and 1989 should address the balance in defense technology, including the implications of the technology comparison for the stratgegic and regional balances. The Committee also notes that the fiscal year 1989 Defense Authorization Bill establishes a requirement for a critical technologies plan, and fully expects the net assessments that are made to be complementary to the analysis undertaken in developing this plan. Every effort should be made to provide as much unclassified data as possible, so that the unclassified net assessment could serve as a reference for congressional and public discussion of the military balance.

Accordingly, the Committee directs that the following areas for additional intelligence community participation in net assessments be included in the fiscal year 1989 program:

(1) United States armor versus Soviet armor, including anti-armor weapons and technology;

(2) the B–1B and any future air-breathing systems versus Soviet air defenses;

(3) United States economic capability to develop, produce and support highly advanced weapon systems versus the ability of the Soviet economy to do the same; and

(4) United States anti-submarine warfare capacity.

These net assessments may be part of the Secretary's annual net assessment as required by the Defense Authorization Act for fiscal years 1988 and 1989 or they may be separate assessments.

The Committee urges the Secretary to consult with the Committee as the preparation of these net assessments begins so that the assessments will address the detailed concerns of the Committee.

The Committee notes that meaningful participation by the intelligence community and DoD in such net assessments will require that both have access to sensitive data by both elements, to include compartmented intelligence information and sensitive U.S. weapons information. The Committee expects that such information will be made available and that the intelligence and defense communi-

ties will take appropriate measures to assure protection of sensitive information.

COMMITTEE ACTION

On June 28, 1988 the Committee on Armed Services approved the bill and ordered it favorably reported.

EVALUATION OF REGULATORY IMPACT

In accordance with paragraph 11(b) of Rule XXVI of the Standing Rules of the Committee, the Committee finds no regulatory impact will be incurred in implementing the provisions of this legislation.

CHANGES IN EXISTING LAW

In the opinion of the Committee, it is necessary to dispense with the requirements of section 12 of the rule XXVI of the Standing Rules of the Senate in order to expedite the business of the Senate.